

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA
Meeting Minutes
of the
Loan Review Committee

May 7, 2015

Business Development Finance Corporation
335 N. Wilmot Road, Suite 420
Tucson, Arizona 85711

or

Via teleconference
(520) 623-3377

Dial “4” to enter conference

Dial “5150#” when prompted for password

Present: Committee Members

Evelia Martinez, Chair (via teleconference)
Gary Bachman (via teleconference)

Staff

Karen J. Valdez, Business Development Finance Corporation
Gabriel Gomez, Business Development Finance Corporation

The Loan Review Committee Meeting of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **Thursday, May 7, 2015**, at the office of Business Development Finance Corporation, Tucson, Arizona. All Authority’s Board Members and the general public were duly notified of the meeting.

ITEM	RECOMMENDATION
1. Call to Order.	The meeting was called to order at 2:00 p.m. , with a quorum present.
<p>2. Review and request for a recommendation to the Board of Directors of the Authority concerning a loan request from Business Development Finance Corporation (“BDFC”) for a participation agreement with BDFC in an amount not to exceed \$150,000 related to BDFC’s loan to CB Real Estate Investment, LLC, an Arizona limited liability company.</p> <p>The Loan Review Committee reviewed a request for participation in a BDFC loan to CB Real Estate Investments, LLC dba Desert Horizons Communities. The following information was presented by Gabriel Gomez:</p> <p>Borrower: CB Real Estate Investments, LLC Operating Company (“OC”) Colonna Brothers Family Limited Partnership, dba Desert Horizons Communities</p> <p>BDFC Loan Total: \$300,000.00 IDA Loan amount: \$150,000 IDA participation Perm Loan: 10 year Term - 20 year Amortization Rate to IDA: 5.0% (subject to change), (4.0% net of 100 basis point servicing fee to BDFC) Rate at Year 5: 10 year treasury + 3% (rate to IDA will be net of 100 basis point servicing fee to BDFC) Total Project Cost: \$1,250,000.00 Purpose: Acquire and renovate a 2-story 14,738 square foot</p>	<p>It was the consensus of the Loan Review Committee to present, to the full Board of the Authority, a recommendation for approval for a loan, to be made in participation with Business Development Finance Corporation, to in an amount not to exceed \$150,000 pursuant to the structure, terms and conditions discussed and outlined in the credit memo dated Motion carried.</p>

<p>building</p> <p>Basis of eligibility: Section 3(a) of Loan Policy – Economic Development Job creation: 25 FTE</p> <p>Collateral: 2nd lien on commercial building</p> <p>Purpose: Borrower will purchase and remodel a 2-story 14,738 sq. ft. office building situated on a 37,193 sq. ft. site with street address of 4901, 4907, 4913, and 4919 E. 5th Street, Tucson, AZ. Property consists of 4 contiguous parcels.</p> <p>The seller, a behavioral health organization, utilized the building for admin and one-on-one counseling; so there are a lot of small offices that will be eliminated. Remodeling includes removing walls, updating electrical and HVAC, installing more restrooms, IT installation, new flooring, and painting.</p> <p>The lease for their current location expires Dec 31, 2015, so they may only have a few months remaining when they re-locate to the subject property after the renovations are completed.</p> <p>The new location will house the same functions that are currently done in their leased location including administrative functions and the Day Program.</p> <p>Mr. Gomez stated that the Borrower dba Desert Horizons Communities (“DHC”) provides residential care, respite care, day programming, and summer programming for adolescents and adults with developmental disabilities including autism epilepsy, cerebral palsy and cognitive disorders. Services can be in a home environment, in the community, or a combination of the two. DHC handles some of the hardest individuals to care for. Many of them have either been kicked out of other programs or are not accepted by other companies due to their behaviors or high degree of needs.</p> <p>Discussion ensued regarding:</p> <ul style="list-style-type: none"> • Business description • Management • Analysis/Comments • Licensing requirements: State of Arizona Division of Developmental Disabilities to do a life safety inspection after the building is ready for occupancy. Noted: no issues in the past 3 years. • The market includes the Tucson metro area and Pima County. Other service providers in the area provide the group home service, but few provide the day care program and some of the other services offered by DHC. • Solvency • P&L comments • Cash flow notes • Proposed loan structure, collateral, and loan terms • Tucson IDA loan policy requirements • Risks were discussed noting that there is risk of cut backs by the State. • Strengths - State cuts are anticipated and accounted for in the financial model. 	
<p>3. Call to the public. This is the time for the public to comment. Members of the Authority’s Board of Directors may not discuss items that are not specifically identified on the Agenda. Therefore, pursuant to Arizona Revised Statutes Section 38-431.01(G), action taken as a result of public comment will be limited to directing</p>	

<p>staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date.</p> <p>There was no one in the audience who wished to address the Committee.</p>	
<p>4. Adjourn</p>	<p>A MOTION was made and seconded (G. Bachman / E. Martinez) to adjourn meeting. Meeting adjourned at 2:20 p.m. Motion carried.</p>

Submitted by:
Karen J. Valdez
Business Development Finance Corporation

Approved by:
Evelia Martinez, Chair of the Loan Review Committee
The Industrial Development Authority of the
City of Tucson, Arizona